Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 STATE 004228
ORIGIN IO-13

INFO OCT-01 EUR-12 ISO-00 EB-07 OIC-02 AGRE-00 AID-05
CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 SIL-01 OMB-01
TRSE-00 INRE-00 SSO-00 /053 R

DRAFTED BY IO/DHP:DWFIGGINS:JBS
APPROVED BY IO/DHP:CENORRIS
EB/IFD/OSB:JNESVIG (DRAFT)
IO/OIC:JGARNER (INFO)
PPC/IA:MLSCHUWEILER (INFO)
TA/AGR:JLMALCOLM (INFO)
EUR/RPE: EACASEY (SUBS)
----------080130Z 109983 /63
O R 080033Z JAN 77
FM SECSTATE WASHDC
TO USMISSION EC BRUSSELS IMMEDIATE
INFO AMEMBASSY VIENNA
USMISSION USUN NEW YORK
AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: UNIDO, EIND, ECIN

SUBJECT: PARTICIPATION FROM UNITED STATES IN FIRST
UNIDO CONSULTATION ON FERTILIZER INDUSTRY

REF: STIBRAVY/FIGGINS TELCON OF 1/7/77

1. MISSION IS REQUESTED TO COMMUNICATE FOLLOWING POINTS
TO FRG MISSION TO EEC AND ANY OTHER MISSIONS WHO INQUIRE
PRIOR TO EEC MEETING ON MONDAY, JANUARY 10, WHICH
WILL DISCUSS PARTICIPATION BY THEIR GOVERNMENTS IN UN
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PAGE 02 STATE 004228

INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO) FIRST
CONSULTATION ON FERTILIZER INDUSTRY, VIENNA, JANUARY 17-
21. FYI: FRG MISSION VIENNA HAS INQUIRED WHETHER
SOLELY USG PARTICIPATION IN FERTILIZER CONSULTATION
INDICATES A CHANGE OF USG POSITION. END FYI.

2. USG POSITION ON NATURE OF UNIDO SECTORAL CONSULTATIONS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

INCLUDING PARTICIPATION BY USG REMAINS THE SAME AS WAS EXPRESSED AT TENTH AND TENTH RESUMED SESSIONS OF UNIDO INDUSTRIAL DEVELOPMENT BOARD (IDB). FACT THAT TO BEST OF OUR KNOWLEDGE NO PRIVATE SECTOR ENTITIES (FERTILIZER ASSOCIATIONS OR LABOR UNIONS) HAVE ACCEPTED UNIDO INVITATION TO ATTEND DOES NOT CHANGE USG VIEW THAT AS DECISION-MAKERS INDUSTRY AND LABOR ARE MOST APPROPRIATE

PARTICIPANTS IN UNIDO CONSULTATIONS. AMONG REASONS GIVEN FOR NON-PARTICIPATION BY FERTILIZER ASSOCIATIONS WHEN WE INQUIRED WERE (A) VERY LATE RECEIPT OF DOCUMENTATION; (B) APPARENT DUPLICATION WITH STUDIES IN FAO; AND (C) PRESENT LOW INTEREST BY U.S. INDUSTRY IN BUILDING NEW PLANT BECAUSE OF LOW DEMAND; AND (D) CAUTION CONCERNING ANTI-TRUST LAW VULNERABILITY. U.S. LABOR AND STATE DEPT. INQUIRIES HAVE NOT REVEALED THAT UNIDO HAS INVITED ANY U.S. LABOR UNIONS.

3. IN CONTRAST, STATE DEPT UNDERSTANDS THAT BOTH MEMBERS OF AMERICAN IRON AND STEEL INSTITUTE AND UNITED STEEL WORKERS OF AMERICA HAVE BEEN INVITED BY UNIDO AND PLAN TO ATTEND FEBRUARY CONSULTATION ON IRON AND STEEL.

4. USG POSITION ON GOVERNMENT PARTICIPATION REMAINS AS STATED AT IDB RESUMED TENTH SESSION. OUR VIEW THEN AND NOW IS AS FOLLOWS:

QUOTE THE UNITED STATES REAFFIRMS ITS READINESS TO CONTRIBUTE TO THE SUCCESS OF THE UNIDO SYSTEM OF

CONSULTATIONS ACCORDING TO THE GUIDELINES ADOPTED BY CONSENSUS AT IDB-X. CONCERNING UNITED STATES ATTENDANCE AT THE CONSULTATIONS, OUR RECOMMENDA-TIONS ON U.S. PARTICIPANTS WILL BE BASED UPON OUR EXAMINATION OF THE SCOPE AND TERMS OF REFER-ENCE FOR THE MEETINGS, WIT; THE OBJECTIVE OF ASSISTING UNIDO IN CHOOSING PARTICIPANTS FROM THE U.S. HAVING THE MOST DIRECT INTEREST, THE NECESSARY EXPERTISE, AND THE APPROPRIATE DECISION-MAKING ABILITY. IN MOST CASES THIS IMPLIES PARTICIPA-TION BY U.S. PRIVATE SECTOR REPRESENTATIVES, SINCE THE SUBJECTS OF ESTABLISHMENT AND EXPANSION OF INDUSTRIAL ENTERPRISES AND THEIR LOCATION ARE PRIMARILYTHEIR RESPONSIBILITY. THE MATTER OF THE EXTENT AND NATURE OF GOVERNMENT PARTICIPATION IS AN IMPORTANT ONE WHICH WAS DISCUSSED AT LENGTH AT OUR LAST MEETING IN ORDER TO REACH AN AGREEMENT WHICH IS NOT ACCURATELY REFLECTED IN THE EXECUTIVE DIRECTOR'S NOTE ON CONSULTATIONS, ID/B/162/ADD. 1,

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

PARAGRAPH 7. IN THAT PARAGRAPH, IT IS SUGGESTED THAT PARTICIPANTS FROM INDUSTRY AND LABOR BE INCLUDED IN GOVERNMENTS' NATIONAL DELEGATIONS. OUR CONSENSUS AGREEMENT, ON THE OTHER HAND, REFERS TO PARTICIPANTS FROM INTERESTED COUNTRIES TO INCLUDE, AS APPROPRIATE, GOVERNMENT INDUSTRY AND LABOR, TAKING INTO ACCOUNT DIFFERENT SOCIO-ECONOMIC

SYSTEMS. THUS, ALL ELEMENTS OF PARTICIPATION FROM INTERESTED COUNTRIES ARE PLACED ON AN EQUAL LEVEL. THERE MAY BE A DANGER THAT PARA 7 IN SPEAKING OF NATIONAL DELEGATIONS WITH COULD BE INTERPRETED AS REFERRING TO PURELY INTERGOVERNMENTAL CONSULTATIONS. HOWEVER. NOWHERE DOES OUR LIMITED AGREEMENT FOR EXPERIMENTAL CONSULTATIONS REFER TO PURELY INTERGOVERNMENTAL CONSULTATIONS. ON THE CONTRARY, OUR CONSENSUS AGREEMENT AVOIDED SUCH LIMITED OFFICIAL USE

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PAGE 04 STATE 004228

AN INTERPRETATION IN ORDER TO ACCOMMODATE ALL SOCIO-ECONOMIC SYSTEMS. AS WE EXPLAINED DURING OUR EARLIER SESSION, U.S. GOVERNMENT PARTICIPATION WILL DEPEND, FIRST, ON THE TERMS OF REFERENCE DEVELOPED FOR THE CONSULTATIONS, AND, SECOND, ON THE SECTOR BEING DISCUSSED. IN THOSE INSTANCES WHERE THE SUBJECT MATTER IS OF THE TYPE WHERE UNIQUE EXPERTISE EXISTS IN THE U.S. GOVERNMENT, WE WILL ENDEAVOR TO SECURE THE PARTICIPATION OF THE SPECIALIST CONCERNED.

IN OUR PARTICULAR CASE, WITH INDUSTRIAL DECISION-MAKING RESPONSIBILITY DIFFUSED OVER A WIDE RANGE OF PRIVATE FIRMS AND WITH SPECIALIZED KNOWLEDGE ON PARTICULAR INDUSTRIAL ISSUES EXISTING IN A VARIETY OF INDIVIDUAL BUSINESSES, INDUSTRY ASSOCIATIONS, RESEARCH INSTITUTES, LABOR ORGANIZATIONS AND THE GOVERNMENT, NO SINGLE GROUP CAN SPEAK WITH AUTHORITY ON ALL ASPECTS OF A PARTICULAR INDUSTRIAL SECTOR. EXPERTS FROM THE U.S., THEREFORE, WILL BE EXPRESSING THEIR OWN, INDEPENDENT VIEWS IN THEIR AREA OF SPECIFIC EXPERIENCE. WE BELIEVE THAT THE UPCOMING CONSULTATIONS WILL BENEFIT FROM THE FACT THAT PROBLEMS WILL BE APPROACHED FROM A VARIETY OF PERSPECTIVES.

END QUOTE.

5. CONSISTENT WITH THIS POSITION IT IS ANTICIPATED THAT NO U.S. DELEGATION WILL BE ACCREDITED. INSTEAD, THE FERTILIZER CONSULTATION WILL BE ATTENDED BY

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

MR. JOHN SHIELDS, ADMINISTRATOR, INTERNATIONAL
FERTILIZER PROGRAMS, TENNESSEE VALLEY AUTHORITY. MR.
SHIELDS REVIEWED THE DRAFT WORLDWIDE STUDY OF THE
FERTILIZER INDUSTRY: 1975-200 AS A MEMBER OF THE
PANEL OF EXPERTS (NOV. 16-18, 1976). FURTHER, MR.
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PAGE 05 STATE 004228

WILLIAM STIBRAVY, PERMANENT REPRESENTATIVE TO UNIDO
WILL ATTEND TO FAVORABLY INFLUENCE THE PRECEDENTS

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FOR ALL SUCCESSIVE CONSULTATIONS. THE PRINCIPAL
TERMS OF REFERENCE TO BE GUARDED AND PRESERVED ARE THAT
IN MANY COUNTRIES INCLUDING THE UNITED STATES MOST
CAPITAL, INVESTMENT AND INDUSTRIAL TECHNOLOGY ARE UNDER
PRIVATE CONTROL. THEREFORE, PARTICIPANTS FROM INDUSTRY,
LABOR, AND CONSUMER GROUPS SHOULD HAVE THE OPPORTUNITY
TO FULLY PARTICIPATE BECAUSE GOVERNMENTS HAVE PRACTICALLY
NO DECISION-MAKING AUTHORITY ABOUT LOCATION OF INVESTMENT,
OPERATION OF INDUSTRIAL FACILITIES, ETC.

6. ADDRESSEES MAY BE AWARE THAT TENNESSEE VALLEY AUTHORITY
IS A UNIQUE GOVERNMENT CORPORATION WITH ITS OWN BOARD OF
DIRECTORS APPOINTED BY THE PRESIDENT OF THE U.S. AND THAT
TVA IS RESPONSIBLE TO NO OTHER U.S. GOVERNMENT AUTHORITY
THAN THE PRESIDENT.

7. DEPT UNDERSTANDS THAT DONALD MC CUNE FROM INTERNA-
TIONAL FERTILIZER DEVELOPMENT CENTER (IFDC) ALSO PLANS
TO ATTEND. IFDC, WHILE LOCATED IN U.S., HAS AN INTER-
NATIONAL BOARD OF DIRECTORS AND INTERNATIONAL FUNDING.
DR. MC CUNE ATTENDED THE PREPARATORY MEETING FOR THE
FERTILIZER CONSULTATION (NOV. 8-12, 1976) AS AN EXPERT
ADVISING THE SECRETARIAT ON THE APPROPRIATE AGENDA
FOR THE CONSULTATION ITSELF.

8. IT IS STILL POSSIBLE, BUT UNCERTAIN, WHETHER TWO
ADDITIONAL EXPERTS MAY PARTICIPATE. THEY WOULD BE
MR. FREDERICK C. MCELDOWNEY, OFFICE OF FOOD POLICY,
ECONOMIC AND BUSINESS BUREAU, DEPARTMENT OF STATE, WHO
HAS PARTICIPATED IN THE FOOD AND AGRICULTURE ORGANIZATION
(FAO) COUNCIL FERTILIZER DISCUSSIONS (ROME, DECEMBER
1976), AND THE CONSIDERATION OF FOOD AND FERTILIZER
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IN THE DEVELOPMENT COMMISSION OF THE CONFERENCE ON

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INTERNATIONAL ECONOMIC COOPERATION (CIEC, PARIS, OCTOBER 1976). DR. WILLIAM FAUGHT, DIRECTOR OF THE FOREIGN DEVELOPMENT DIVISION, ECONOMIC RESEARCH SERVICE, U.S. DEPARTMENT OF AGRICULTURE.
KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, FERTILIZER INDUSTRY, MEETINGS, INDUSTRIALIZED NATIONS, DEVELOPMENT PROGRAMS, INTERNATIONAL ORGANIZATIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE004228
Document Source: CORE
Document Unique ID: 00
Drafter: DWFIGGINS:JBS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770007-1172
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770169/aaaachxz.tel
Line Count: 229
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d304b7db-c288-dd11-92da-001cc4696bcc
Office: ORIGIN IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3637585
Secure: OPEN
Status: NATIVE
Subject: PARTICIPATION FROM UNITED STATES IN FIRST UNIDO CONSULTATION ON FERTILIZER INDUSTRY
TAGS: EIND, ECIN, US, UNIDO
To: EC BRUSSELS
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/d304b7db-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
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22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009